

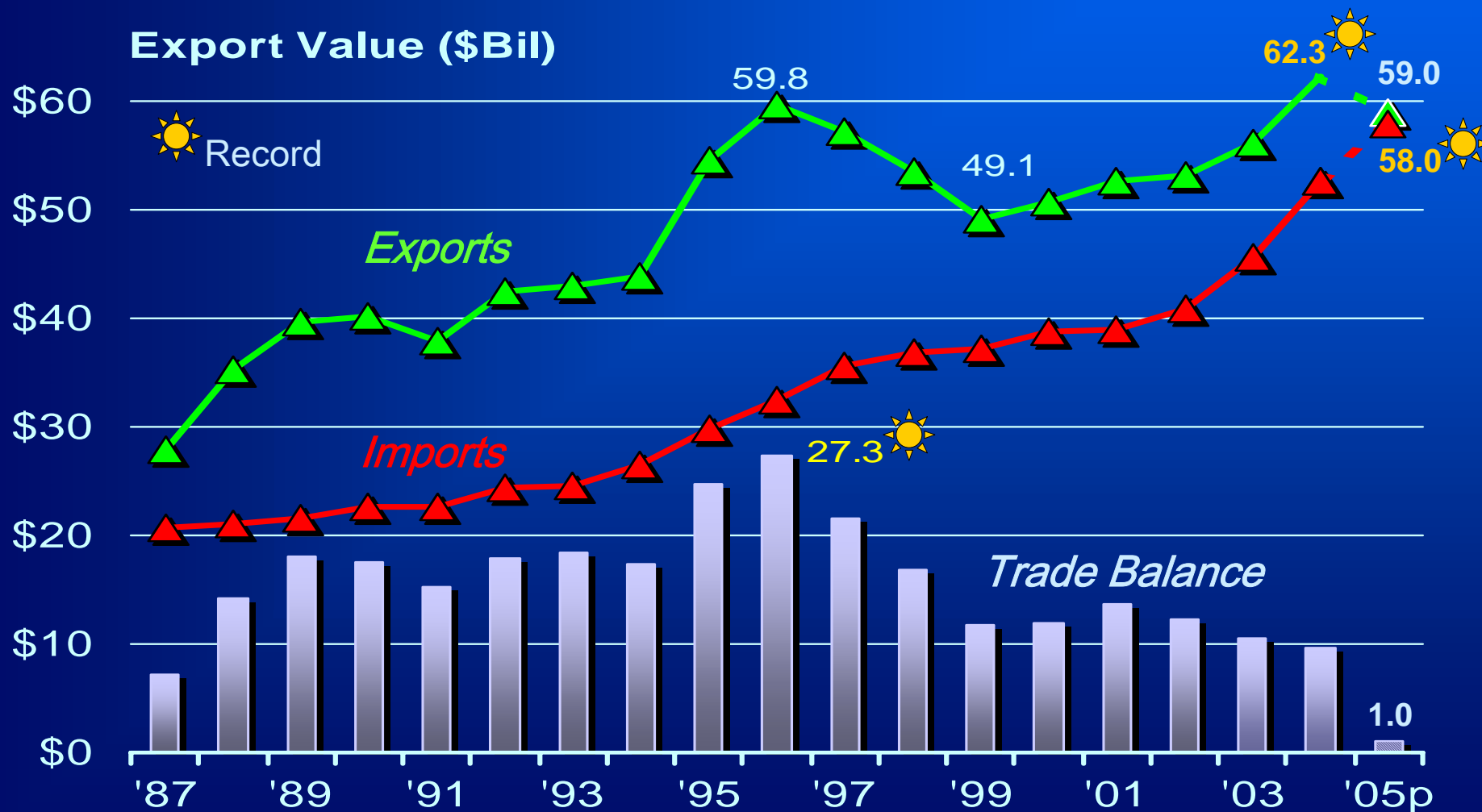
FY 2005 Export Forecasts for Ag, Fishery & Solid Wood Products

Since November...
Agricultural Exports Are Raised \$3 Billion to \$59 Billion
Imports Are Raised \$2 Billion to a Record \$58 Billion
AgTrade Surplus at \$1 Billion

USDA's "Outlook for U.S. Agricultural Trade"
was released on February 24, 2004 at 9am EST
Prepared by Foreign Agricultural Service/USDA

U.S. Agricultural Trade

In 2005, record production lowers bulk commodity prices and export value, but partially offset by record horticultural, pork & dairy exports. Import value continues rapid rise on strong demand and weak dollar.



Key Changes in the 2005 Export Forecast

Commodities Exported

	Final FY 2004	Nov FY '05 For.	Feb FY '05 For.	Chg	Main Reasons
Hort. Products (\$ Bil)	13.26	13.8	14.5	+0.7	(+)price weak dollar - strong demand
Dairy Products (\$ Bil)	1.27	1.3	1.7	+0.4	(+)volume (esp. NFDM) weak dollar - strong demand
Soybeans (\$ Bil)	7.46	5.7	6.1	+0.4	(+)price – strong demand
Corn (mmt)	47.58	52.0	48.0	-4.0	(+)global carain prod/Argentina

US AgExports to Top 5 Markets

- #1 Canada +\$500 million to \$10.2 billion
- #2 Japan unchanged at \$7.7 billion
- #3 Mexico +\$500 million to \$8.5 billion (overtakes Japan)
- #4 EU-25 +\$500 million to \$7 billion
- #5 China unchanged at \$4.6 billion

W Hemisphere exceeds Asia by \$2.9 billion

Export Outlook for Grain & Feed Products

Revised FY 2005 Forecast: **Unchanged at \$15.1 Billion**

Revised FY 2005 Forecast

Upside Developments

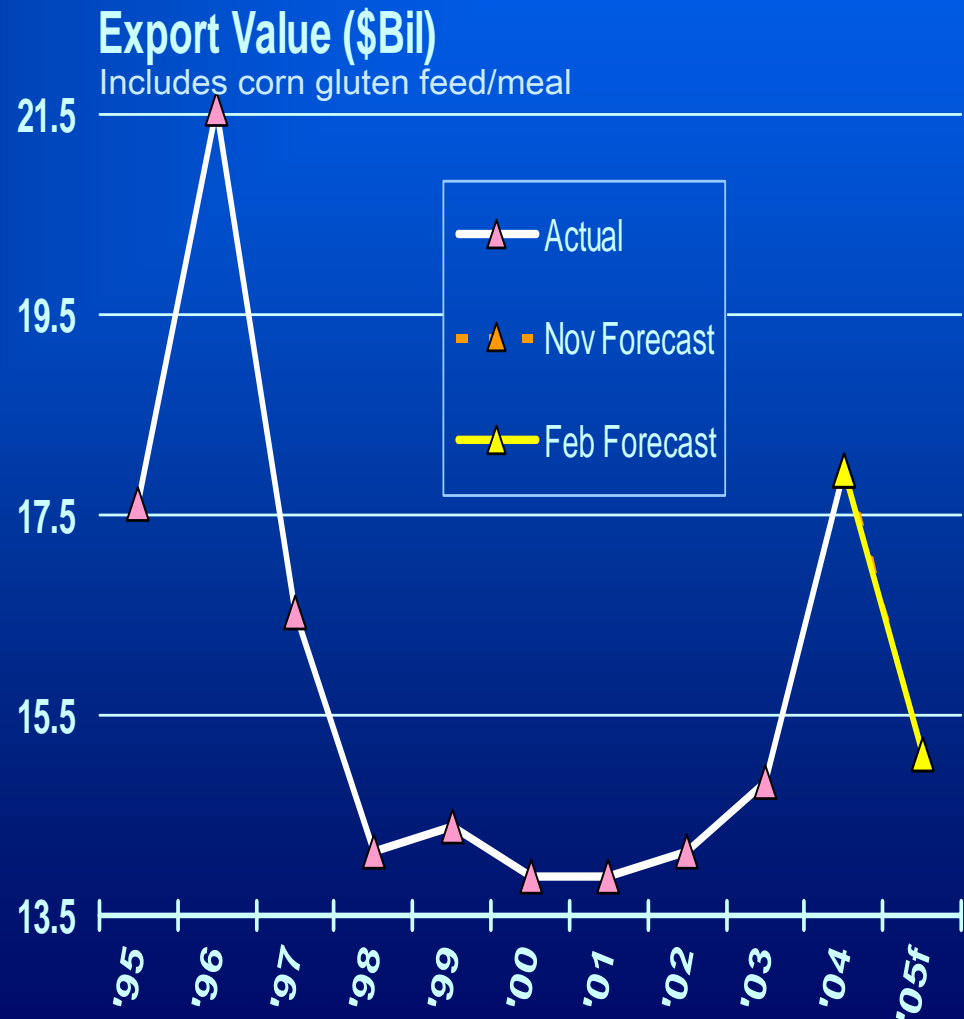
- Continued strong demand for high-quality wheat
- Slightly less competition from EU in wheat markets

Downside Developments

- Corn exports are struggling due to record global coarse grain supplies and fierce competition from Argentina
- Sorghum exports slip due to reduced sales to Mexico

Wild Cards

- Level of China's corn exports and wheat imports
- Competition from Southern Hemisphere's new crop



Export Outlook for Oilseeds & Products

Revised FY 2005 Forecast:  \$1.2 Billion to \$10.0 Billion

Revised FY 2005 Forecast

Upside Developments

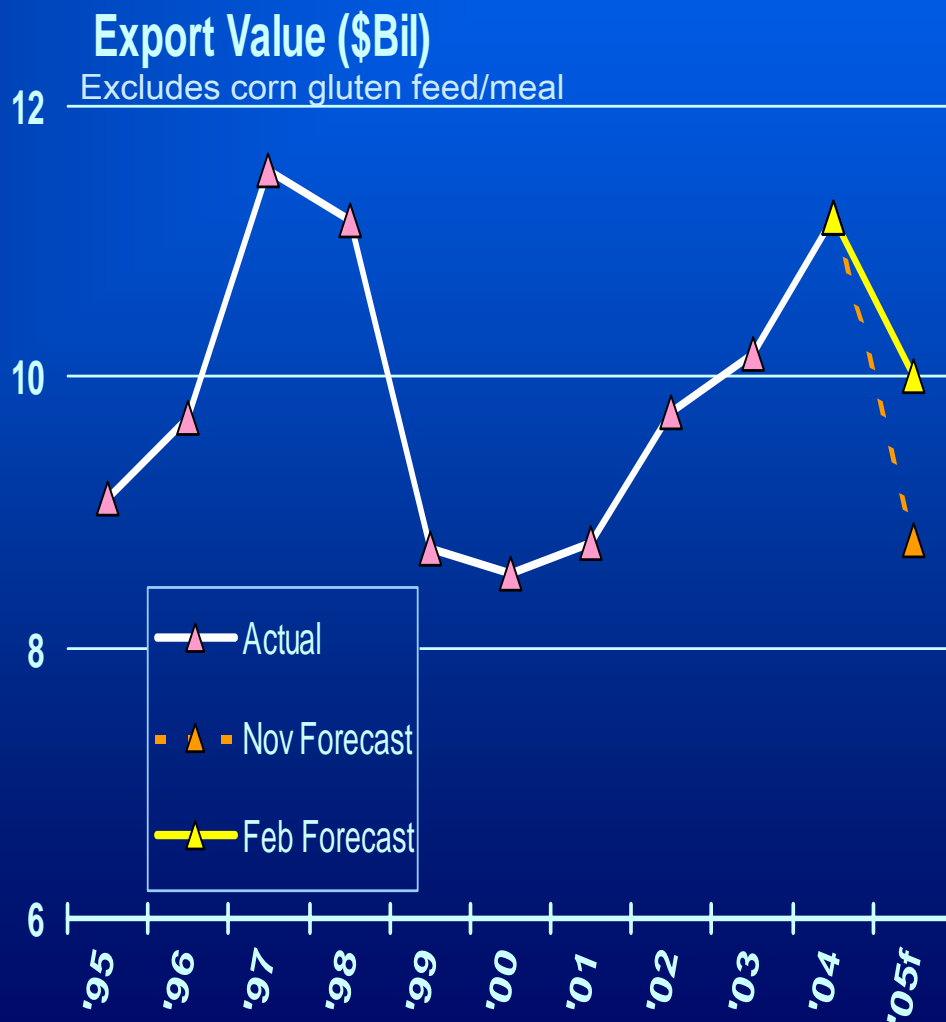
- Higher soybean export unit values due to stronger than expected demand early in the year
- Strong oilseed global demand, esp. from China
- Weaker dollar boosts exports of processed oilseed products

Downside Developments

- Record South American production forecast

Wild Cards

- None



Export Outlook for Cotton & Linters

Revised FY 2005 Forecast:  \$300 Million to \$3.4 Billion

Revised FY 2005 Forecast

Upside Developments

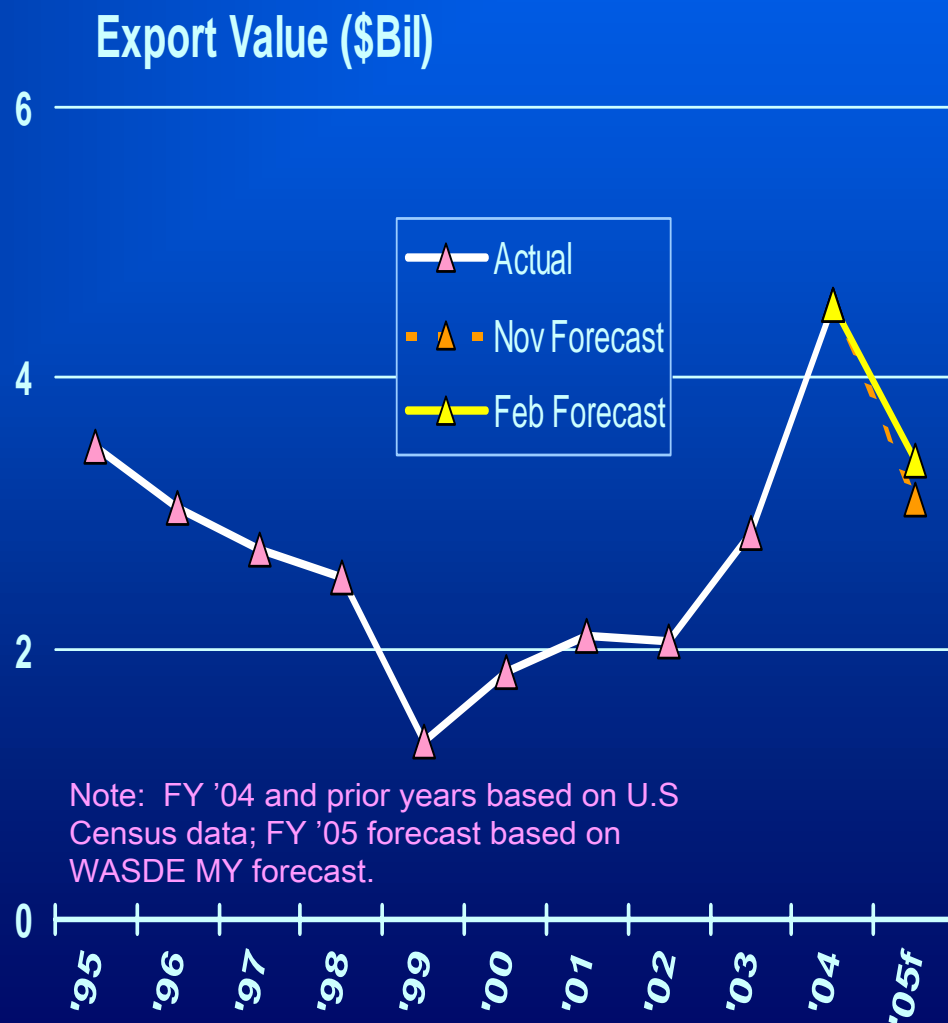
- Record U.S. crop revised upward
- Stronger cotton use in China only partly offset by decreases in other markets
- Higher volume and somewhat stronger unit value

Downside Developments

- Larger crops in India and Pakistan add to global stocks and decrease import demand

Wild Cards

- China's stock levels



Export Outlook for Dairy, Livestock & Poultry

Revised FY 2005 Forecast:  \$700 Million to \$11.5 Billion

Revised FY 2005 Forecast

Upside Developments

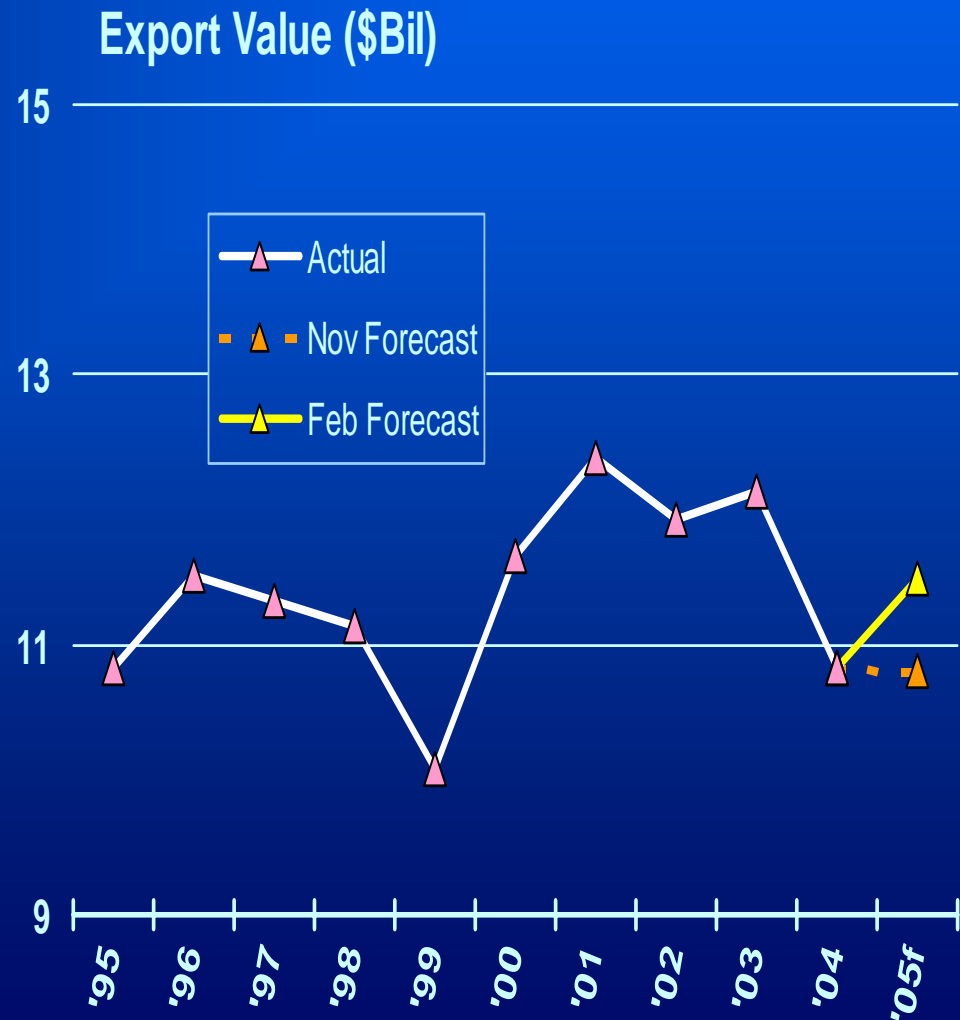
- Pork export value/vols reach new records due to strong demand from Japan, Mexico, Russia and Canada
- Continued strong growth in dairy export sales, esp. for non-fat dry milk powder and cheese
- Steady recovery in beef exports

Downside Developments

- Lower prices for cattle hides lower export value

Wild Cards

- Timing of the lifting of BSE bans: currently assume no resumption of beef trade to Japan & Korea – these mks could add up to \$2 bil/year if reopened



Export Outlook for Horticultural Products

Revised FY 2005 Forecast:  \$700 Million to \$14.5 Billion

Revised FY 2005 Forecast

Upside Developments

- Generally higher prices raise export value; little change in volumes
- Higher prices result from weaker dollar which shifts foreign demand toward U.S. suppliers
- Very strong first quarter for wine, essential oils, deciduous fruits, & vegetables; gains for tree nuts continue

Downside Developments

- None

Wild Cards

- U.S. crop sizes



Export Outlook for Fishery Products

Revised FY 2005 Forecast:  \$100 Million to \$3.6 Billion

Revised FY 2005 Forecast

Upside Developments

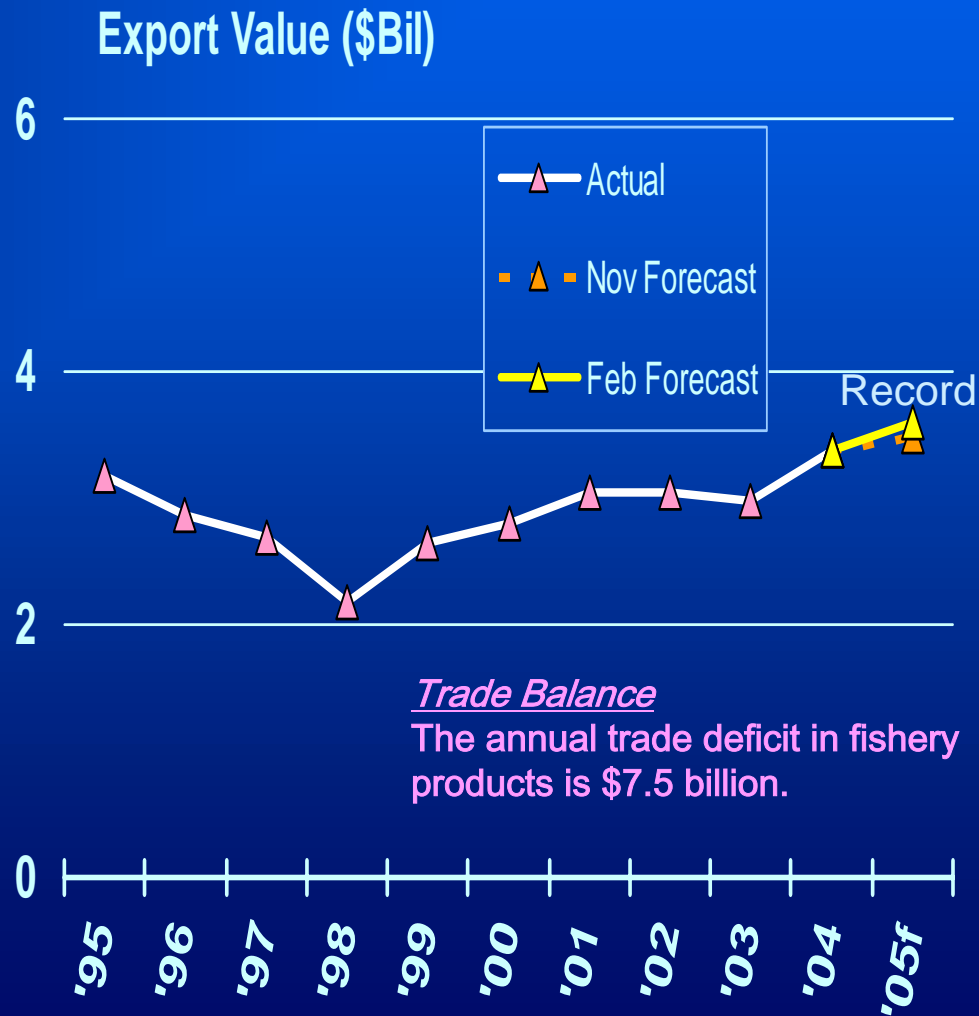
- The forecast for the '05 Sockeye salmon harvest is down only 4% from a good '04 harvest. The Pink salmon harvest is expected to rise 14%
- Surimi exports to Japan and Korea are up due to higher prices and increased demand for quality product

Downside Developments

- King crab exports are lower due to strong U.S. demand and larger foreign stocks

Wild Cards

- U.S. harvest size for lobster, salmon, and other species



Export Outlook for Solid Wood Products

Revised FY 2005 Forecast:  \$200 Million to \$5.8 Billion

Revised FY 2005 Forecast

Upside Developments

- U.S. antidumping duties on Chinese furniture show no sign of slowing China's demand for U.S. hardwoods
- Exports to Canada at record level due to re-export demand created by U.S. economy and housing market

Downside Developments

- Softwood exports to EU and Japan decline due to increased production in the EU and Canada

Wild Cards

- China's continued economic growth which fuels its domestic furniture demand

